# Annual Report 1982

Industrial Enterprises Incorporated

# Directors and Officers

### Board of Directors

D.A. Cameron ..... Charlottetown
W.B. Gillis ..... Charlottetown
G.A. Key ..... North Granville
W.P. MacDougall ..... Southport
H.R. MacFarlane ..... Summerside
J.N. MacLeod ..... Charlottetown
R.W. Manning ..... Charlottetown
K. MacKenzie ..... Souris
I.W. MacKenzie (appointed December 9, 1981) ..... Charlottetown

### Officers

G.A. Key ..... President
W.B. Gillis ..... Vice-President
I.W. MacKenzie ..... Secretary
D.A. Profitt ..... Treasurer

### Solicitors

Scales, Jenkins and McQuaid

### Auditors

Coopers & Lybrand

**INDUSTRIAL ENTERPRISES INCORPORATED**
West Royalty Industrial Park,
Charlottetown, P.E.I. Canada C1E 1B0

OFFICE
OF THE
PRESIDENT

TELEPHONE
902-892-3551
TELEX 014-44109

June 29, 1982

The Honourable Barry R. Clark
Minister
Department of Tourism, Industry and Energy
P.O. Box 2000
Charlottetown, P.E.I.

Dear Mr. Minister:

On behalf of the Board of Directors, I am pleased to submit the financial statements of Industrial Enterprises Incorporated for the fiscal year ended March 31, 1982 together with our report of the Corporation's activities for the year.

The past year has been an active one for the Board. Although loan activity was significantly below that of the previous year, new funding was approved totalling $2,149,794 with 56 new jobs expected. A large portion of this assistance was to P.E.I. firms carying on a resource based activity. The locations of the firms receiving this assistance represented all three counties of P.E.I.

A great deal of time was spent in 1981/82 by selected Board members and staff in developing new industrial programs in line with P.E.I.'s revised industrial strategy. As well, the new programs developed tend to complement the industrial assistance efforts by the Federal Government so far as was possible to do so. Although the new programs were not officially cleared for implementation at the year end, the major portion of the development and necessary program guidelines was complete at that time.

Because of budget restraints, I.E.I.'s staff was severely reduced during the fiscal year. At the time of this report, I.E.I. is operating with staff of eight compared to sixteen authorized in the previous year. Undoubtedly, this factor has affected the extent of promotional work undertaken by I.E.I. On the positive side, however, it has been a period in which all of I.E.I.'s functional activity has been reviewed and assessed for effectiveness for the future. Certainly it has been a period when priority was given to assisting existing P.E.I. manufacturing and processing firms in whatever area help was needed.

During the year the assets of two companies, of which Industrial Enterprises Incorporated was a secured creditor, were liquidated. Asset recovery of $201,686 was applied to reduce the total investment loss to $677,702. In an attempt to keep a good portion of the specialized equipment available to P.E.I. manufacturers and processors, I.E.I. etablished a short term loan facility to assist the local firms in acquiring specific assets.

The Directors, officers and staff are deserving of appreciation for their continued services to Industrial Enterprises Incorporated. We are grateful for the assistance provided by the Department of Tourism, Industry and Energy, the Market Development Centre, and the Department of Finance, and to other departments and agencies of the Provincial Government which have assisted us during the year. We are pleased to advise you that we continue to receive valuable assistance and co-operation from the Federal Government, particularly from the Departments of Regional Economic Expansion, and Industry, Trade & Commerce, from the Federal Business Development Bank, and from the Employment and Immigration Commission.

We are looking forward to the timely and effective implementation of the new industrial programs recently approved for industrial development. The Board of Directors and staff face the challenges of the future with enthusiasm and determination and with the confidence that through continued industrial expansion, increased employment will be provided for Islanders.

Yours sincerely,

George A. Key,
President.

## Report of Directors' Attendance at Meetings

There were a total of 23 Directors' Meetings and 31 Committee Meetings during the year ended March 31, 1982.

| Director | Board Meetings Attended | Committee Meetings Attended |
|---|---|---|
| D.A. Cameron | 20 | 11 |
| W.B. Gillis | 22 | 14 |
| G.A. Key | 22 | 16 |
| W.P. MacDougall (resigned August 3, 1981) | 8 | 1 |
| H.R. MacFarlane | 17 | 15 |
| J.N. MacLeod | 18 | 12 |
| R.W. Manning | 22 | 16 |
| K. MacKenzie | 23 | 13 |
| I.W. MacKenzie (appointed December 9, 1981) | 7 | 1 |

## Highlights
## For the year ended March 31, 1982

| | 1982 | 1981 |
|---|---|---|
| Loans Approved and Accepted | $ 2,149,794 | $ 6,611,772 |
| Increase (Decrease) in Loans | 930,899 | (4,609,038) |
| Loans Outstanding | 18,178,589 | 17,247,690 |
| Number of New Loans | 8 | 23 |
| Total Number of Clients | 53 | 57 |
| Expected Direct Employment as a Result of Assistance | 56 | 274 |
| OPERATIONS: | | |
| Revenue | 4,122,230 | 4,836,590 |
| Expenditures | 3,742,687 | 4,548,052 |
| Surplus | 379,543 | 288,538 |
| Property Holdings and Investment in Leases | 7,551,177 | 7,035,446 |
| Loan Write-Offs | 677,702 | 8,271,220 |
| Property Write-Downs | - | 320,106 |

**Coopers & Lybrand**
**Chartered Accountants**

P.O. Box 455
Confederation Court Building
Charlottetown, P.E.I.
C1A 7L1

June 8, 1982

**Auditors' Report to the Shareholders**

We have examined the balance sheet of Industrial Enterprises Incorporated as at March 31, 1982 and the statement of revenue and expenditure of the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances, and we obtained all the information and explanations we required.

In our opinion, these financial statements present fairly the financial position of the company as at March 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

**Coopers & Lybrand**
**Chartered Accountants**

# Industrial Enterprises Incorporated
# Balance Sheet as at March 31, 1982

**ASSETS**

| | 1982 | 1981 |
|---|---|---|
| | $ | $ |
| LOANS | 18,178,589 | 17,247,690 |
| Less: Provision for possible losses | 3,618,000 | 3,090,704 |
| | 14,560,589 | 14,156-986 |
| PROPERTY HOLDINGS (notes 3 and 10) | 3,980,264 | 3,635,609 |
| NET INVESTMENT IN LEASES (note 4) | 3,570,913 | 3,399,837 |
| CASH AND SHORT-TERM DEPOSITS | 466,961 | 486,026 |
| ACCOUNTS RECEIVABLE (note 8) | 545,626 | 289,168 |
| GRANTS RECEIVABLE | — | 104,594 |
| DUE FROM THE PROVINCE OF PRINCE EDWARD ISLAND | 3,618,000 | 3,090,704 |
| FIXED ASSETS (note 5) | 1 | 1 |
| | 26,742,354 | 25,162,925 |
| **LIABILITIES** | | |
| ACCOUNTS PAYABLE AND ACCRUED INTEREST PAYABLE | 984,472 | 945,990 |
| DUE TO THE PROVINCE OF PRINCE EDWARD ISLAND | 332,668 | 52,470 |
| NOTES PAYABLE - PROVINCE OF PRINCE EDWARD ISLAND (note 6) | 25,416,914 | 24,156,165 |
| | 26,734,054 | 25,154,625 |
| **SHAREHOLDERS' EQUITY** | | |
| CAPITAL STOCK (note 7) | 8,300 | 8,300 |
| | 26,742,354 | 25,162,925 |

SIGNED ON BEHALF OF THE BOARD

G.A. Key
Director

W.B. Gillis
Director

## Industrial Enterprises Incorporated
## Schedule of Amounts Due to and from the Province for the Year Ended March 31, 1982

### CURRENT OPERATIONS

| | 1981<br>$ | 1982<br>$ |
|---|---|---|
| BALANCE — BEGINNING OF YEAR ..... | 52,470 | (236,068) |
| Excess revenue for the year - operations ..... | 379,543 | 288,538 |
| | 432,013 | 52,470 |
| Applied to reduce notes payable-appropriation for previous year's deficiency ..... | 99,345 | — |
| BALANCE — END OF YEAR ..... | 332,668 | 52,470 |

### PROVISION FOR POSSIBLE LOSSES ON LOANS

| | | |
|---|---|---|
| BALANCE — BEGINNING OF YEAR ..... | 3,090,704 | 7,948,537 |
| Current year's provision for possible losses ... | 1,204,998 | 3,413,387 |
| | 4,295,702 | 11,361,924 |
| Applied to reduce notes payable - write-offs during the year ..... | 677,702 | 8,271,220 |
| BALANCE — END OF YEAR (note) ..... | 3,618,000 | 3,090,704 |

**NOTE:** Commencing in the year ended March 31, 1982, the Province appropriated funds as a budget item to cover the current year's provision for possible losses. Previously, funds were appropriated in the fiscal year following calculation of the required provision. The appropriation is reduced by realized losses with a similar reduction in notes payable to the Province. As at March 31, 1982, the Province had appropriated $3,555,479 of the required provision.

# Industrial Enterprises Incorporated
# Statement of Revenue and Expenditure
# For the Year Ended March 31, 1982

| | 1982 $ | 1981 $ |
|---|---|---|
| **REVENUE** | | |
| Grants - Province of Prince Edward Island | | |
| Administration | 566,500 | 650,100 |
| Industrial incentives | 1,334,400 | 1,672,000 |
| Industrial properties - operation | 430,000 | 327,500 |
| Interest from borrowers | 1,477,835 | 1,863,498 |
| Rentals from properties owned | 116,584 | 185,585 |
| Service fees on new loans | 24,934 | 61,467 |
| Park operations - recoveries | 16,837 | 17,225 |
| Interest from deposits | 155,140 | 49,481 |
| Sundry | — | 9,733 |
| | 4,122,230 | 4,836,589 |
| **EXPENDITURE** | | |
| Administration | 499,229 | 542,038 |
| Development and promotion | 29,419 | 65,476 |
| Interest on funds borrowed | 2,522,766 | 2,979,202 |
| Warehouse costs and expenses | 2,928 | 156,221 |
| Reduction in carrying value of properties | — | 320,106 |
| Rental properties | 445,694 | 423,027 |
| Park Operations | 80,408 | 61,981 |
| Vacant buildings | 158,816 | — |
| Sundry | 3,427 | — |
| | 3,742,687 | 4,548,051 |
| EXCESS REVENUE FOR THE YEAR - OPERATIONS | 379,543 | 288,538 |

# Industrial Enterprises Incorporated
# Notes to Financial Statements
# For the Year Ended March 31, 1982

**1. ACCOUNTING POLICIES**

The company has adopted the following accounting policies:

**(a)** The costs of property holdings have been partially funded by grants received from the Province of Prince Edward Island which are reflected as accumulated grants (note 3).

**(b)** Properties constructed for industrial clients are leased with options to purchase which may be exercised after five years. The assets reflect the net investment in leased properties which is recoverable over the term of the lease.

**(c)** Losses incurred on loans and accounts receivable are written off after all security has been realized. A provision for estimated future losses is determined annually based upon historical collection experience and a review of the loan portfolio.

**(d)** The company records sales of industrial property by removing the average cost per acre for the land being sold with any difference between cost and proceeds being reflected as a gain or loss and included in sundry revenue or expenditure on the statement of revenue and expenditure.

**2.** As at the balance sheet date, the company had entered into the following commitments:

| | 1982<br>$ | 1981<br>$ |
|---|---|---|
| Loans | 253,649 | 1,624,777 |
| Property and development costs - Building construction contracts to be partially funded by the Department of Tourism, Industry & Energy | — | 450,800 |
| | 253,649 | 2,075,577 |

The company has also guaranteed bank loans for borrowers to a maximum of $124,600 (1981 — $115,000).

## 3. PROPERTY HOLDINGS

| | Cost | Accumulated Grants | 1982 Net | 1981 Net |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Industrial properties | 3,567,316 | 2,992,918 | 574,398 | 564,960 |
| Rental properties | 8,073,051 | 5,931,419 | 2,141,633 | 2,141,633 |
| Properties held for resale (note 10) | 1,741,973 | 477,739 | 1,264,233 | 929,016 |
| | 13,382,340 | 9,402,076 | 3,980,264 | 3,635,609 |

## 4. NET INVESTMENT IN LEASES

| | 1982 | 1981 |
|---|---|---|
| | $ | $ |
| Minimum lease payments receivable | 11,717,140 | 10,641,701 |
| Unearned lease income | 8,146,227 | 7,241,864 |
| Net investment in leases | 3,570,913 | 3,399,837 |

Interest earned on these leased contracts amounting to $386,960 (1981 - $253,768) is included in interest revenue on the statement of revenue and expenditures.

Included in net investment in leases is an amount of $284,768 due from a lessee in installments over the term of the lease. As at March 31, 1982 regular payments on this lease were $74,568 in arrears.

## 5. FIXED ASSETS

Fixed assets are purchased out of operating grants and are carried at the nominal value of $1. The original cost and accumulated depreciation which otherwise would have been recorded is as follows:

| | 1982 | | | 1981 |
|---|---|---|---|---|
| | Original Cost | Accumulated Depreciation | Net | Net |
| | $ | $ | $ | $ |
| Building improvements | 213,427 | 33,011 | 180,416 | 189,911 |
| Furniture and fixtures | 47,702 | 35,444 | 12,258 | 14,485 |
| | 261,129 | 68,455 | 192,674 | 204,396 |

Depreciation has been calculated at the annual rate of 5% for building improvements and 20% for furniture and fixtures, using the declining-balance method.

## 6. NOTES PAYABLE — PROVINCE OF PRINCE EDWARD ISLAND

These notes are issued to the Province of Prince Edward Island having various repayment terms and interest rates which range from 7% to 18.5%.

| | 1982<br>$ | 1981<br>$ |
|---|---|---|
| Long-term | 25,416,914 | 23,439,826 |
| Short-term | — | 815,684 |
| | 25,416,914 | 24,255,510 |
| Appropriation not yet offset against notes | — | 99,345 |
| | 25,416,914 | 24,156,165 |

## 7. CAPITAL STOCK

| | 1982<br>$ | 1981<br>$ |
|---|---|---|
| Authorized -<br>100 common shares of the par value of $100 each | | |
| Issued and fully paid -<br>83 shares | 8,300 | 8,300 |

## 8. ACCOUNTS RECEIVABLE

| | 1982<br>$ | 1981<br>$ |
|---|---|---|
| Rentals | 185,529 | 103,911 |
| Receiverships | 186,092 | 1,405 |
| Accrued interest | 54,306 | 44,165 |
| Interest arrears | 107,184 | 79,715 |
| Other | 12,515 | 59,972 |
| | 545,626 | 289,168 |

Included in the $186,092 due from receiverships is an amount of $79,875 which is presently being held in escrow awaiting an action by a company which purports to be the owner of certain assets sold by the receiver. The ultimate decision of this matter is not determinable as at the date of these financial statements.

## 9. P.E.I. METALS INDUSTRY TECHNICAL SUPPORT CENTRE

The company administered the disbursement of funds for the P.EI. Metals Industry Technical Support Centre on behalf of the Department of Tourism, Industry and Energy until October 1, 1981 when the Department reassumed responsibility for the administration of funds for the centre.

## 10. PROPERTIES HELD FOR RESALE

During the year one of the company's leased properties became vacant and is included in the above account as follows:

| Cost | Accumulated Grants | Net |
|---|---|---|
| $ | $ | $ |
| 499,549 | 115,331 | 384,218 |

The company estimates the market value to be $225,000. It is the company's intention to recognize the loss, if any, when the property is sold.

## 11. COMPARATIVE AMOUNTS

Certain of the 1981 comparative amounts have been restated to conform with the current year's presentation, including amounts due to and from the Province of P.E.I.

# Summary of Loan Activity From April 1, 1981 to March 31, 1982

| Loan Applications | Number of Loans | Amount |
|---|---|---|
| Considered | 12 | $ 3,419,794 |
| Approved and Accepted | 8 | 2,149,794 |
| Declined or Withdrawn | 4 | 1,270,000 |
| | 12 | $ 3,419,794 |

**Classification of Loans**

| Size of Loan | Number of Loans Approved & Accepted | Est. Total Capital Investment in Project | Est. Direct Increase in Employment | Est. Annual Increase in Factory Production |
|---|---|---|---|---|
| $ 25,001 - $100,000 | 4 | $ 325,000 | 5 | $ 100,000 |
| $100,001 - $500,000 | 3 | 931,000 | 11 | 467,000 |
| $500,001 and over | 1 | 892,794 | 40 | 4,000,000 |
| | 8 | $2,149,794 | 56 | $4,567,000 |

**Industrial Classification**

| | Number of Secured Loans Approved & Accepted | Total Amount |
|---|---|---|
| Food Processing | 3 | $1,088,794 |
| Wood Products | 1 | 131,000 |
| Textile | — | — |
| Miscellaneous Manufacturing | 3 | 830,000 |
| Other | 1 | 100,000 |
| Total | 8 | $2,149,794 |

# Summary of Loan Activity From Inception to March 31, 1982

**Loan Applications**

| | Number of Loans | Amount |
|---|---|---|
| Considered | 483 | $87,831,209 |
| Approved and Accepted | 219 | 52,780,034 |
| Declined and Withdrawn | 264 | 35,051,175 |
| | 483 | $87,831,209 |

**Classification of Loans**

| Size of Loan | Number of Loans Approved & Accepted | Est. Total Capital Investment in Project |
|---|---|---|
| $ 10,000 or less | 15 | $ 144,033 |
| $ 10,001 - $ 25,000 | 19 | 441,756 |
| $ 25,001 - $ 100,000 (1) | 70 | 5,276,430 |
| $100,001 - $ 500,000 (1) | 86 | 31,632,220 |
| $500,001 - $1,000,000 | 19 | 24,283,394 |
| Over $1,000,000 | 10 | 15,834,000 |
| | 219 | $77,611,833 |

**Industrial Classifications**

| | Number of Loans Approved & Accepted | Amount |
|---|---|---|
| Food Processing | 77 | $20,546,477 |
| Wood Products (1) | 25 | 3,970,912 |
| Textiles | 12 | 1,843,025 |
| Miscellaneous Manufacturing (1) | 94 | 23,443,880 |
| Other | 11 | 2,975,740 |
| | 219 | $52,780,034 |

(1) Three (3) loans in the amount of $426,044, which were approved in a prior period but not classified, are now reflected in the size and industrial classifications above.

# Summary of Loan Activity Over Last Four Fiscal Years

| | Year Ended March 31 1982 | Year Ended March 31 1981 | Year Ended March 31 1980 | Year Ended March 31 1979 |
|---|---|---|---|---|
| Disbursements to Borrowers | $ 3,340,992 | $ 8,376,115 | $ 6,263,261 | $ 7,110,226 |
| Repayment to Borrowers: | | | | |
| Principal Amount Paid | 1,732,391 | 4,713,933 | 1,716,840 | 1,408,791 |
| Principal Amount Written Off | 677,702 | 8,271,220 | 14,241 | — |
| Increase (Decrease) in Amounts Outstanding | 2,410,093 | 12,985,153 | 1,731,081 | 1,408,791 |
| Amounts Outstanding at Year End | 930,899 | (4,609,038) | 4,532,180 | 5,701,435 |
| Amounts Not Yet Disbursed at Year End on Loans Authorized | 18,178,589 | 17,247,690 | 21,856,728 | 17,316,748 |
| Amounts Outstanding Plus Undisbursed at Year End | 253,649 | 1,820,197 | 1,914,398 | 2,765,198 |
| Number of Clients on Books at Year End | 18,432,238 | 19,067,887 | 23,771,126 | 20,081,946 |
| Average Amount Outstanding Plus Undisbursed per Customer | 55 | 57 | 55 | 57 |
| | 335,131 | 334,524 | 432,206 | 352,315 |
| **STATISTICS ON OTHER INVESTMENTS** | | | | |
| Increase in Holding of Industrial Properties for the Year Ended March 31, 1982 | 515,731 | 330,712 | 1,520,024 | 1,997,638 |
| Amount Outstanding at Year End | 7,551,177 | 7,035,446 | 6,704,734 | 5,184,710 |

Properties include:

- West Royalty Industrial Park
- Summerside Area Industrial Park
- Parkdale Property
- Industrial Mails - West Royalty
- Industrial Mall - Summerside
- Multi-Purpose Industrial Building - West Royalty
- Individual Industrial Buildings - vacant
- Individual Industrial Buildings - leased

## Summary of Loans Approved by Industrial Enterprises Incorporated During the Corporation's Fiscal Year 1981/82

| | Resource | Non-Resource |
|---|---|---|
| Atlantic Fish Specialties Ltd. | $ 95,000 | |
| Centre for Television Studies Ltd. | | $ 30,000 |
| Diagnostic Chemicals Ltd. | | 500,000 |
| Eastern Kings Forestry Products Ltd. | 131,000 | |
| Imapro Inc. | | 300,000 |
| Island Metal Fabricators Ltd. | | 100,000 |
| P.E.I. Produce Company Ltd. | 893,794 | |
| P.E.I. Vegetable Growers Co-operative Association Ltd. | 100,000 | |
| | $1,219,794 | $ 930,000 |

## Summary of Loans Written Off From April 1, 1981 to March 31, 1982

| Receivership/Estate | Total Indebtedness | Total Recovery | Realization Costs | Shortfall & Write-off |
|---|---|---|---|---|
| Broderna Oddsberg Enterprises Ltd. | $448,803 | $164,966 | $ 38,640 | $322,477 |
| Cerin Industries Ltd. | 364,642 | 36,720 | 27,303 | 355,225 |
| | $813,445 | $201,686 | $ 65,943 | $677,702 |

# Outline of Industrial Development Programs

## 1. LOAN ASSISTANCE

### 1.1 Loans for Fixed Assets

Assistance in the form of term loans is available to new and existing manufacturers and processors for the purpose of acquiring capital assets such as manufacturing and processing equipment and production facilities.
(a) In the case of new industries loans may be approved for up to 75% of the capital cost of the project including bridge financing of Department of Regional Economic Expansion incentive grants.
(b) In the case of existing industries loans may be approved for up to 100% (depending upon the financial position of the company) of the capital cost of the project including bridge financing of Department of Regional Economic Expansion incentive grants.
The maximum loan limit is Two Million Dollars to any one company or group of companies controlled by the same shareholders.

### 1.2 Loans for Working Capital

Assistance may also be provided in the form of working capital loans for companies that export off Prince Edward Island.

### 1.3 Term of Loan

Although the terms of a loan may extend up to 20 years, the terms for equipment loans usually vary between two and ten years and the terms for land and building loans usually vary between ten and twenty years.

### 1.4 Prepayment

Prepayment of loans is permitted at any time without penalty or notice.

### 1.5 Interest Rate

The interest rate for loans is normally fixed at the time funds are disbursed.
(a) During the disbursement cycle, the interest rate floats at a level of 1% above the Province's Short term lending rate to I.E.I.
(b) At the time of the final advance of funds on the loan or a fixed date, whichever first occurs, the interest rate is fixed at 1% above the Province's current long term lending rate to I.E.I.

### 1.6 Service Charge

A 1% service charge is levied on the full amount of the loan and is retained by I.E.I. from the principal amount of the loan at the time of the first advance on the loan.

### 1.7 Incentives

Loans approved by I.E.I. may provide for:
(a) Forgiveness of interest for up to three years maximum. The term of the interest forgiveness period is normally related to the job creation element of the project. Payments of principal are normally deferred for the term of the interest forgiveness.

(b) Deferment of principal and/or interest payments or a portion thereof for up to three years maximum.
In some cases no incentives are given, and in other cases either (a) or (b) above is given.

1.8 **Repayment of Loan**
Repayment of the loan, after the above forgiveness or deferment, is by blended monthly payments of principal and interest over the remaining term of the loan.

1.9 **Security**
Security on loans may include, but is not limited to:
(a) A first fixed charge on plant and buildings;
(b) A first fixed charge on machinery and equipment;
(c) A floating charge on all assets of the Borrower excepting those assets (receivables and inventories) normally required for regular bank working capital financing;
(d) Guarantees of shareholders and associated companies;
(e) Assignment of fire insurance;
(f) Hypothecation of shares;
(g) Assignment of grants such as DREE, etc.

## 2. LEASE WITH OPTION TO PURCHASE

2.1 **General**
Under a lease, with option to purchase, agreement, I.E.I. may construct and finance for manufacturers and processors on land owned by I.E.I.

2.2 **Rental Rates**
As an incentive, and to assist companies in their initial years of operation, rents can be reduced as follows:
(a) $.25 per annum per square foot for the first two years of the lease;
(b) $.50 per annum per square foot for the next two years;
(c) Subsequent rental rate will be charged which will recover total cost with interest over the full term of the lease, usually 20 to 25 years.

2.3 **Grant**
Buildings constructed for manufacturing and processing concerns usually qualify for up to a one-third grant. Grants received are applied as a reduction on the outstanding balance of the lease.

2.4 **Option to Purchase**
The tenant has the option to purchase the building, for the outstanding balance plus interest capitalized during the period, any time after five years.

## 3. INDUSTRIAL SITES

### 3.1 General

I.E.I. owns and operates two industrial parks: the 100 acre West Royalty Industrial Park in West Royalty and the 36 acre Summerside Area Industrial Park in St. Eleanors.

I.E.I. also owns approximately 10 acres of land in Parkdale.

The selling prices per acre for fully serviced lots are as follows:

| | |
|---|---|
| West Royalty Industrial Park | $15,750 |
| Summerside Area Industrial Park | 4,900 |
| Parkdale Property | 26,250 |

### 3.2 West Royalty Industrial Park — 100 acres

The West Royalty Industrial Park has curbed hard surfaced roads. Lots are serviced with storm sewers, water, sanitary sewer and power facilities.

Buildings erected on lots in the West Royalty Industrial Park must conform to approved standards and regulations.

### 3.3 Summerside Area Industrial Park — 36 acres

The Summerside Area Industrial Park has curbed hard surfaced roads. Lots are serviced with storm sewers, water, sanitary sewer and power facilities.

Buildings erected on lots must conform to approved standards and regulations.

### 3.4 Parkdale Property

The Parkdale property has hard surfaced roads. Lots are serviced with storm sewers, water, sanitary sewer and power facilities.

The Parkdale property is located in the immediate area of the Charlottetown Treatment Plant which makes the land attractive to prospective businesses, such as food processors, which require the treatment facility.

## 4. LEASING EXISTING SPACE

### 4.1 West Royalty Industrial Park

In addition to the lease, with option to purchase, program, I.E.I. has constructed three buildings (a multi-purpose industrial building and two industrial malls) containing various sized units for lease in the West Royalty Industrial Park. The sizes of the units vary from 435 sq. ft. to 33,100 sq. ft.

#### 4.1.1 Rental Rates

Annual rental rates, for manufacturers or processors who qualify, are as follows:

| | |
|---|---|
| Year one | $1.75 per sq. ft.<br>(free to new businesses) |
| Year two | 1.75 per sq. ft. |
| Year three | 2.50 per sq. ft. |
| Year four | 3.25 per sq. ft. |
| Year five | 4.00 per sq. ft. |

4.1.2 Landlord and Tenant Responsibilities

(a) **Multi-Purpose Industrial Building**

In the Multi-Purpose Industrial Building, I.E.I. is responsible for the mechanical maintenance, exterior maintenance (including snow and garbage removal) and building insurance. The tenant is responsible for taxes, heat, utilities, interior maintenance, liability insurance and equipment insurance.

(b) **Industrial Malls**

In the two Industrial Malls, I.E.I. is responsible for taxes, mechnical maintenance, exterior maintenance (including snow and garbage removal) and building insurance. The tenant is responsible for interior maintenance, heat, utilities, liability insurance and equipment insurance.

4.2 **Summerside Area Industrial Park**

In addition to the lease, with an option to purchase, program, I.E.I. has constructed an Industrial Mall in the Summerside Area Industrial Park. The Mall consists of five production units. Four of these units contain 4,035 sq. ft., including a 435 sq. ft. office, and one unit contains 5,970 sq. ft., including 605 sq. ft. of office space.

4.2.1 Rental Rates

Annual rental rates, for manufacturers or processors who qualify, are as follows:

| | |
|---|---|
| Year one | $1.50 per sq. ft. (free to new businesses) |
| Year two | 1.50 per sq. ft. |
| Year three | 2.00 per sq. ft. |
| Year four | 2.75 per sq. ft. |
| Year five | 3.25 per sq. ft. |

4.2.2 Landlord and Tenant Responsibilities

I.E.I. pays the insurance on the building, taxes, exterior maintenance, mechanical maintenance and snow and garbage removal costs. The Tenant is responsible for interior maintenance, heat, light, power, water and sewer.

## 5. ADDITIONAL SUPPORT SERVICES TO INDUSTRIES WITHIN THE WEST ROYALTY INDUSTRIAL PARK

### 5.1 Post Office

A sub-post office is located within the Park which provides full mail service, including box service, receipt and distribution of mail, sale of stamps and money orders, registered mail, special delivery service, certified mail service, and parcel post.

### 5.2 Central Xerox and Telex Facilities

Xerox and telex services are available through I.E.I. Direct costs only are charged for these services.

### 5.3 Central Lunchroom and Boardroom

In order that industries will not be required to operate lunchroom facilities, a cafeteria is located in a central location operated by an independent caterer. A central boardroom facility is available adjacent to the lunchroom. The boardroom is available to businesses in the Park for private meetings or luncheons. The room will accommodate approximately fifteen people.

### 5.4 Day Care Centre

An independently operated Day Care Centre is centrally located in the Park. The Centre offers day care to pre-school children.